

## Message Text

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73

ACTION EUR-25

INFO OCT-01 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-03 INR-11 NSAE-00 RSC-01 CIEP-02 SP-03

STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 L-03 PA-04

PRS-01 USIA-15 IGA-02 AGR-20 IO-14 NSC-07 SS-20 OIC-04

DRC-01 /189 W

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R 181722Z JUL 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3909

INFO USMISSION EC BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY ROME

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EAID, GW, EC

SUBJECT: EC DEVELOPMENT MINISTERS MEETING - JULY 16

REF: EC BRUSSELS 5318

1. WE BRIEFLY DISCUSSED THE DECISIONS TAKEN AT THE EC  
DEVELOPMENT MINISTERS MEETING JULY 16 WITH AN OFFICIAL  
OF THE FRG AID MINISTRY, WHO PROVIDED US WITH SOME  
SUPPLEMENTARY INFORMATION TO THAT CONTAINED IN REFTEL.  
HIS VIEW DIVERGES SOMEWHAT FROM PRESS ACCOUNTS WE  
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HAVE SEEN IN BONN AS WELL AS THE INTERPRETATION OF

THE COUNCIL'S DECISIONS CONTAINED IN REFTEL.

2. AID TO NON-ASSOCIATED COUNTRIES OR GLOBALIZATION OF DEVELOPMENT AID -- OUR SOURCE CLAIMED THAT THE COUNCIL'S ACCEPTANCE OF THE RESOLUTION ON GLOBALIZATION WAS MADE POSSIBLE ONLY BY A CONSIDERABLE SHIFT IN THE FRENCH POSITION. HE WAS QUITE ENTHUSIASTIC ABOUT THIS SHIFT, WHICH PERMITS EXTENSION OF EC AID TO APPROXIMATELY FORTY-FOUR ADDITIONAL LDCS. HE SAID THE MINISTERS ALSO DISCUSSED GUIDELINES AS TO THE PROBABLE LEVEL OF ASSISTANCE. ALTHOUGH NO FIRM DECISION WAS REACHED, THE GUIDELINES CALL FOR AN APPROXIMATE DOUBLING OF ASSISTANCE (OVER FIVE YEARS), FROM 900 UA, TO 1.8 BILLION UA. OUR SOURCE CONFIRMED THAT MAJOR DECISIONS ON HOW TO DISTRIBUTE THIS AID REMAIN, PARTICULARLY IN DETERMINING WHAT FORMULA TO BE APPLIED. HE CITED THE PROBLEM OF THE SUDAN AND EETHIOPIAIA, BOTH COUNTRIES WITH LARGE POPULATIONS AND SMALL GNP, WHICH NEED SUBSTANTIAL AMOUNTS OF ASSISTANCE.

3. CRITERIA AND MODALITIES OF AID. THE DEBATE AMONG THE MEMBER COUNTRIES ON THIS QUESTION CONTINUED AND FOCUSSED PARTICULARLY ON FOOD AID. THE DANES AND UK STRONGLY OPPOSED FOOD AID ON THE GROUNDS IT IS A SUBSTITUTE FOR LONG TERM DEVELOPMENT AID AND HAS A NEGATIVE IMPACT ON LDC DEVELOPMENT PROGRAMS. THE GERMANS' VIEW IS SOMEWHAT SIMILAR TO THE UK'S, ALTHOUGH THE FORMER HAS NOT TAKEN A STRONG STAND ON THE ISSUE. IN REQUESTING THE COMMISSION TO STUDY THE AID CRITERIA AND MODALITIES FURTHER, THE COUNCIL SET GUIDELINES WHICH PROVIDE FOR ONLY A THREE YEAR CONTINUATION OF THE EXISTING EC FOOD AID PROGRAM AND WHICH REQUIRE THAT THE EC OBLIGATE NO MORE THAN 50 PERCENT OF THE TOTAL FOOD AID SUPPLIED BY INTERNATIONAL ORGANIZATIONS, SUCH AS THE FAO, DURING THIS PERIOD.

4. COORDINATION AND HARMONIZATION OF EC DEVELOPMENT PROGRAMS -- THE DUTCH LIFTED THEIR OBJECTION, IMPOSED LAST NOVEMBER, TO IMPLEMENTING THE DECISION TO COORDINATE AND HARMONIZE THE MEMBERS' PROGRAMS. THE LIMITED OFFICIAL USE

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EXCHANGE OF INFORMATION AMONG MEMBERS ON INDIVIDUAL PROGRAMS WILL BE VIA THE DEVELOPMENT COUNCIL'S SECRETARIAT RATHER THAN THE COMMISSION.

5. UN SPECIAL FUND. CHEYSSON APPARENTLY AGAIN HINTED THAT SOME SAVINGS FROM THIS YEAR'S EC BUDGET MAY BE AVAILABLE BUT NO DECISIONS ON THIS ISSUE WILL BE MADE BEFORE SEPTEMBER FOR THE REASONS CITED IN REFTEL. THE

GERMANS, ACCORDING TO OUR SOURCE, STILL PREFER TO TAP  
THE COMMUNITY BUDGET, PARTICULARLY IN LIGHT OF THE FRG  
CABINET'S DECISION TO HOLD DOWN DOMESTIC EXPENDITURES.  
IN A RELATED COMMENT THE OFFICIAL REITERATED THAT  
ALTHOUGH THE EC'S LETTER TO WALDHEIM DID NOT MENTION  
A CONTRIBUTION BY THE US TO THE FUND FOR THE MSA, THE  
EC CLEARLY WILL NOT CONTRIBUTE UNLESS THE USG PROVIDES  
A SIMILAR AMOUNT.  
CASH

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## Message Attributes

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**Disposition Approved on Date:**  
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